



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 02-16A

Applicant: Maui Memorial Medical Center

Project Title: Addition of 2 Inpatient Dialysis Stations

Project Address: 221 Mahalani Street
Wailuku, HI

1. TYPE OF ORGANIZATION: (Please check all applicable)

Public ☒
Private ☐
Non-profit ☒
For-profit ☐
Individual ☐
Corporation ☒
Partnership ☐
Limited Liability Corporation (LLC) ☐
Limited Liability Partnership (LLP) ☐
Other: ☐

2. PROJECT LOCATION INFORMATION

A. Project will be located in:

State Senate District Number: 4,5,6,

State House District Number: 7,8,9,10,11,12

County Council District Number: Neighborhood Board District
Number: (Maui County Council Districts have no numbers) all councilpersons
(O'ahu only)

B. Primary Service Area(s) of Project: (please check all applicable)

Statewide: ☐
O'ahu-wide: ☐
Honolulu: ☐
Windward O'ahu: ☐
West O'ahu: ☐
Maui County: ☒
Kaua'i County: ☐
Hawai'i County: ☐

3. DOCUMENTATION (Please attach the following to your application form):

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent) N.A.
B. A listing of all other permits or approvals from other government bodies (federal, state, county) that will be required before this proposal can be implemented (such as building permit, land use permit, etc.) N.A.
C. Your governing body: list by names, titles and address/phone numbers (Attach. A)
D. If you have filed a Certificate of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:
- Articles of Incorporation N.A. (submitted with application
 - By-Laws #02-06E)
 - Partnership Agreements
 - Tax Key Number (project's location) 2-3-8-0-46-013

4. **TYPE OF PROJECT.** This section helps our reviewers understand what type of project you are proposing. Please place an "x" in the appropriate box.

	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in Service	Change in Beds
Inpatient Facility				XX	
Outpatient Facility					
Private Practice					

5. **BED CHANGES.** Please complete this chart only if your project deals with a change in your bed count and/or licensed types. Again, this chart is intended to help our reviewers understand at a glance what your project would like to accomplish. Under the heading "Type of Bed," please use only the categories listed in the certificate of need rules. Not Applicable

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL			

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

- | | | |
|----|--|---------------|
| 1. | Land Acquisition | _____ |
| 2. | Construction Contract | _____ |
| 3. | Fixed Equipment | _____ |
| 4. | Movable Equipment | <u>58,000</u> |
| 5. | Financing Costs | _____ |
| 6. | Fair Market Value of assets acquired by
lease, rent, donation, etc. | _____ |
| 7. | Other: <u>Construction by MMC internal staff</u> | <u>5,000</u> |

TOTAL PROJECT COST:

63,000

B. Source of Funds

- | | | |
|----|-----------------------------------|---------------|
| 1. | Cash | <u>38,000</u> |
| 2. | State Appropriations | _____ |
| 3. | Other Grants (Hospital Auxiliary) | <u>25,000</u> |
| 4. | Fund Drive | _____ |
| 5. | Debt | _____ |
| 6. | Other: _____ | _____ |

TOTAL SOURCE OF FUNDS:

63,000

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7. **CHANGE OF SERVICE:** If you are proposing a change in service, then please briefly list what services will be added/modified. Be sure to include the establishment of a new service or the addition of a new location of an existing service. Please reference the Certificate of Need Rules Section 11-186-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.

Addition of two inpatient dialysis stations

8. **IMPLEMENTATION SCHEDULE:** Please present a projected time schedule for the completion of this project from start to finish. Include all of the following items that are applicable to your project: See page 7

- a) Date of site control for the proposed project,
- b) Dates by which other government approvals/permits will be applied for and received,
- c) Dates by which financing is assured for the project,
- d) Date construction will commence,
- e) Length of construction period,
- f) Date of completion of the project,
- g) Date of commencement of operation

Please remember that the Agency does monitor the implementation of Certificates approved. Non-implementation of a project as described in your application may result in a fine and/or withdrawal of the certificate of need.

9. **EXECUTIVE SUMMARY:** Please present a brief summary of your project. In addition, provide a description of how your project meets each of the certificate of need criteria listed below. If a new location is proposed, please attach an easy to read map that shows your project site. See page 7

- a) Relationship to the Hawai'i Health Performance Plan (H2P2), also known as the State of Hawai'i Health Services and Facilities Plan.
- b) Need and Accessibility
- c) Quality of Service/Care
- d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e) Relationship to the existing health care system
- f) Availability of Resources.

8. Implementation Schedule

Maui Memorial Medical Center (MMMC) will expand its acute inpatient dialysis services by adding 2 new stations to its existing 2 stations. The new stations are expected to be in service by November 1, 2002.

MMMC has allocated \$58,000 for the purchase of 2 new dialysis units and \$10,000 for renovations. Renovations will be performed by MMC's existing staff and will include such things as removing a wall between 2 existing rooms, plumbing repairs, cabinets, floor repairs and electrical fixtures.

- d) Date construction (renovations) would commence: November 1, 2002, or within 2 weeks from receipt of Certificate of Need.
- e) Length of construction period: 4 weeks
- f) Date of completion of the project: November 30, 2002.
- g) Date of commencement of operation: December 1, 2002.

9. Executive Summary

MMMC proposes to add two (2) stationary dialysis units to its existing dialysis service.

MMMC began to provide acute inpatient dialysis services on May 8, 2002, after the approval of Emergency Certificate of Need ("Certificate") Application #02-06. Before that, St. Francis Health Care System ("St. Francis") had been providing both acute inpatient and chronic outpatient dialysis services. St. Francis continues to provide the chronic outpatient dialysis services on the MMC campus and at other locations on the island.

Under the terms of the Certificate, MMC was approved to provide the service through the following equipment:

- Two (2) stationary dialysis units
- One (1) roaming dialysis unit
- One (1) unit to be used only to provide backup when any of the above three units are down due to unexpected equipment failure of maintenance

The 2 stationary units were established in the room on the second floor which had been previously used by St. Francis for inpatient service.

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However, after only a little more than one month of providing the service, it is now apparent that the patient need is greater than we had anticipated. We had projected an average of 75 procedures per month (900 per year), but in the partial month of May we provided 110 procedures, equivalent to a monthly rate of 137.5 procedures. In the month of June we provided 132 procedures and in July 150 procedures.

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MMMC is uncertain why the utilization has been higher than our original predictions, which were based on the experience of St. Francis. The possible reasons include:

- When St. Francis lacked staff, it would fly patients to Honolulu for treatment. We are retaining and treating all patients locally.
- The number of inpatients waitlisted at MMC for SNF or ICF placements has almost doubled since April, from 20 plus patients to a number in the high 30s. Waitlisted patients are more likely to be chronic patients, including some requiring dialysis service which would be provided to them in the outpatient facility if they were in a nursing home.
- Patients requiring service on Sundays or overnight were sometimes not served by St. Francis, due to unavailability of staff. These patients would have their treatment deferred. MMC has made staff arrangements so that it can provide the service at whatever time it is requested by the physician.
- Increasing numbers of patients are in such a condition that they require extra treatments.

MMC's experience in the last few months may have been unusually high when considering predictions for the rest of the year. For example, a reduction in the waitlist will result in fewer treatments. Therefore, MMC continues to project a more conservative need of 120 procedures per month (1440 per year) for the first year. MMC projects an increase of (5%) annually thereafter. MMC does not yet have enough use-rate data on which to base projections, so this 5% projection is based on historical experience and projected medical trends in the service area.

To meet this need, MMC proposes to acquire 2 more stationary units, which would give us the following equipment:

- Four (4) stationary dialysis units
- One (1) roaming dialysis unit
- One (1) unit to be used only to provide backup when any of the above three units are down due to unexpected equipment failure or maintenance.

The four station unit will be established in a location on the fourth floor of the hospital, by combining 2 rooms which are now inpatient rooms of 2

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beds each. There will be no overall bed change to the facility since we will relocate the 4 beds to other rooms in the hospital which are large enough to accommodate another bed.

The new 4 station unit will provide the following advantages:

- Its location on the 4th floor will be more convenient to inpatients needing dialysis, most of whom are housed on that floor anyway.
- It will allow us to dialyze most patients in the morning, without having to run shifts late into the afternoon or evening, and patients just feel better when they are dialyzed early in the day.
- It will make the most effective use of staff and financial resources, since the 2 staff attending patients can do so in one room. The acuity level of inpatients usually requires a 1 staff to 2 patient ratio, although sometimes it goes as high as 1 to 1. (Our previous statement that 1 R.N. could attend 4 patients was wrong). With all 4 stations and 2 staff in 1 room, staff will be able to assist each other, and at least be able to take restroom breaks, a luxury unavailable in a single staff situation, since patients cannot be left unattended. 2 staff attending to 4 patients at a time in the morning will lessen the need to staff a second shift in the afternoon or evening. Finally, a 4 station unit will improve flexibility in scheduling patients, for example, patients needing varying treatment lengths.
- The (anticipated) 120 procedures can be scheduled for patient convenience 6 days a week, with emergency services available on Sunday.

MMMC is still mindful of the need to enhance the existing healthcare system on Maui, especially the system of dialysis services which consists of St. Francis providing chronic outpatient dialysis while MMMC provides acute inpatient dialysis. MMMC commits that its enhanced inpatient service will consist of no more than 5 stations, 4 fixed and 1 "roaming." MMMC will continue to abide by the other commitments it made in the emergency certificate application:

- MMMC shall not employ, recruit, nor attempt to recruit any existing St. Francis dialysis staff.
- MMMC agrees to meet with St. Francis to consider collaborating to plan for joint staff recruitment efforts to alleviate the shortage of nursing staff on Maui, and will meet on a regular basis to examine the possibility of other collaborative efforts for Maui.

A. Relationship to the H2P2 Criteria

The proposal in this application relates well to the provisions of the H2P2. MMMC is a full service acute care facility, and as such must provide a full

range of acute inpatient services, including an appropriate and high quality acute inpatient dialysis service.

The critical elements of a health care delivery system, as defined in the H2P2, are access, quality management, cost-effectiveness, continuity of care and constituent participation. All these elements are addressed through the provision of an appropriate acute inpatient dialysis service at MMMC.

- Timely access to dialysis service is assured to all inpatients, including emergency patients.
- Quality is assured through the hospital's standard quality control programs.
- Cost-effectiveness is assured through the provision of a full range of necessary diagnostic and therapeutic services at MMMC. Further, the addition of two stations to the stationary inpatient dialysis unit will enhance cost-effectiveness by reducing the need for a second shift of service, with its necessary additional staff.
- Continuity of care is assured through the provision of an appropriate-sized service at Maui's only medical center, with its comprehensive range of medical professionals and inpatient services.
- Constituent participation is assured through the input of various consumer and provider groups in the function of the medical center.

The proposal also relates well to the values and priorities of the Maui County "Tri-Isle" Sub-area Health Planning Council as identified on pages III-9 to III-12 of the H2P2.

B. Need and Accessibility Criteria

The proposal relates well to these criteria. Previously, MMMC projected that the Maui community needed about 75 inpatient dialysis procedures per month (900 per year). However, our brief experience with the service already shows that the need is higher. We now project the need at about 120 procedures per month (1440 per year) in FY 2003. The need is projected to increase by 5% each year thereafter, i.e. 1,512 in 2004, 1588 in 2005 and 1667 in 2006. MMMC now believes that it requires a stationary dialysis unit of 4 stations to meet this patient need in a timely and appropriate manner. It is possible to provide 120 procedures per month with only 2 stations, but this requires treating patients on a second shift late into the afternoon or evening. This is actually more costly than a 4 station unit since it requires a second shift of staff. Further, patient needs are best met when they can be dialyzed in the morning – it is more convenient to the patients and they feel better during the rest of the day.

Dialysis service is a routine and necessary service for any major full service acute care hospital, and MMMC is the only such facility on Maui.

In summary, the need of the Maui Community for acute inpatient dialysis procedures is now estimated at about 1440 procedures per year. This need can only be met on-island at MMMC, and can be best met by a 4 station unit.

The services at MMMC are accessible to all patients. MMMC has provisions to assure that services are provided to all residents of the area, including low income persons, racial and ethnic minorities, women, handicapped persons, other underserved groups and the elderly.

C. Quality of Service/Care Criteria.

The proposal relates well to these criteria. MMMC has been operating the inpatient dialysis service at MMMC for more than a month, and experience shows that the service is of high quality. MMMC has contracted with an experienced Registered Nurse to manage the program and provide the therapies. A copy of the Scope of Services with the contractor is attached as Attachment D. The Scope of Services specifies activities, responsibilities and qualifications that assure a high quality of patient care.

MMMC also has credentialing procedures for physicians providing the professional component of the dialysis service. MMMC is accredited by the Joint Commission of Accreditation of Healthcare Organizations, licensed by the Department of Health and certified by Medicare. MMMC has ongoing quality improvement programs, and a history of providing quality service.

D. Cost and Finances Criteria.

The proposal meets these criteria. The capital cost of the project, as noted on page 4 of this application will be \$68,000, including \$58,000 for the equipment. The capital cost will be funded out of operating funds and there will be no debt involved.

Attachment C to this application is a revenue and expense projection which shows that the service is financially feasible by the year 2004, i.e., the annual operating revenues (estimated at \$476,280) are sufficient to cover the operating expenses (\$472,437).

E. Relationship to the Existing Health Care System Criteria.

The proposal relates well to these criteria. MMMC is the only full service acute hospital on the island of Maui and the only provider of inpatient and emergency services. It is the only place on Maui where the system can provide acute dialysis to inpatients.

Expanding the stationary dialysis unit to 4 stations will improve the health care system by making high quality service available to patients in a timely and appropriate manner.

Prior to the previous Certificate, MMMC and St. Francis agreed to collaborate to provide a full range of quality acute inpatient and chronic outpatient dialysis services on Maui.

Since MMMC assumed inpatient dialysis, MMMC and St. Francis have met formally on two occasions. Representatives have also talked informally on other occasions. The two main topics we have been addressing are cross-training of staff and patient transfer documentation between the two providers. Cross-training staff has not been resolved, however, a plan was put into affect on 9/9/02 to ensure proper documentation transfer from Maui Memorial Medical Center to St. Francis for discharged in-patients.

This continued collaboration between the two providers will assure that the residents of Maui are well-served by a sound and comprehensive system of dialysis services.

Following are the transfer data from May 8 (when MMMC initiated inpatient dialysis service) through August 31.

Admissions/Discharges – 5/8/02 thru 8/31/02

	<i>Total</i>	<i>Xfers with St. Francis</i>	<i>Other</i>
Admissions	86	From: 77	New Pts: 9
Discharges	82	To: 68	Deaths: 14

The proposal will also provide MMMC with a positive cash flow, thus enhancing the facility's ability to provide other services the community needs, but which are not self-supporting.

F. Availability of Resources.

The proposal meets these criteria. The necessary capital resources are minimal and available. The resources to operate the service are available, since the revenues will exceed the expenses.

The service will require no additional staff, and will in fact allow MMMC to make more efficient use of its existing staff. Although the number of stationary dialysis units will double from 2 to 4, the existing staff is able to handle the service during one shift, reducing the need for a second shift with additional staff. The existing total FTE staff is 3.5: 2.5 R.N.s, and 1.0 tech. These staff are already trained, employed and serving the dialysis patients. Professional physician services will be provided by 2 board-certified nephrologists, both are in private practice, one is also the Medical Director of MMMC. Both physicians are currently credentialed and on staff.

10. **Eligibility to file for Administrative Review.** This project is eligible to file for Administrative review because: (Check all applicable)

_____ It involves bed changes, which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.

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_____ It involves service changes which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.

_____ It is an acquisition of a health care facility or service, which will result in lower annual operating expenses for that facility, or service.

_____ It is a change of ownership, where the change is from one entity to another substantially related entity.

_____ It is an additional location of an existing service or facility.

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_____ The applicant believes it will not have a significant impact on the health care system.

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